

2008

Filing period for all employers begins

Johannesburg, 1 July 2008 -- Today marks the beginning of a new phase in the development of the South African Income Tax system.

In the 2008 Tax Season, a new emphasis is being placed on the information supplied by employers to SARS in respect of the PAYE deducted from employees. This year employers will be required to meticulously and timeously submit records which will ensure that SARS is in possession of accurate information about their employees.

This information about the PAYE deducted and paid over to SARS will ensure that SARS has accurate information which will be used for 2 purposes:

- To pre-populate income tax returns for certain categories of individuals
- To verify (match) information supplied by individuals on their tax returns

In addition the information declared by employers, in terms of existing law will be utilized in PAYE audits of employers to verify whether the correct amount of tax was levied, deducted from employees, and paid over to SARS.

From the 1st of July 2008 all employers are required to complete and submit a Reconciliation Declaration (EMP501) which will record the amount of tax deducted from employees, the amount paid over to SARS and the amount appearing on IRP5 certificates of employees. Taxes deducted include PAYE, UIF and the Skills Development Levy (SDL).

While SARS will extend its services - through direct engagement and by providing automated tools and assistance to all employers who wish to comply – there will also be a far stronger focus this year on non-compliant companies and scrutiny on the accuracy of the information they submit to SARS.

The role of employers in the Income Tax System:

- Employers deduct employee taxes like PAYE (Pay-As-You-Earn) and SITE (Standard Income Tax on Employees) from the salaries of those they employ and thus act as agents in terms of the law on behalf of SARS
- The employer must issue an IRP5 or tax certificate to the employee which records how much an employee's earning and deduction as well as the amount of tax the employer deducted and paid over to SARS. The IRP5 certificate enables each employee to submit an individual income tax return
- Employers have a 60 day period to complete and submit this information to SARS. This year the 60 day period starts on 1 July until 29 August 2008
- In order for employees to obtain a pre-populated return it will be necessary for their employers to have submitted their reconciliation declaration. Assistance will be provided to individuals where appropriate.

These steps indicate the crucial role of employers in the Income Tax System and why, in the interest of employees who represent a body of millions of registered individual taxpayers, it is necessary to provide SARS with payroll information that is accurate.

SARS assistance to employers:

- As from today all SARS branch offices can provide employers with a free version on disk of the [e@syFile](#) computer software. The programme has been tested with a range of employers and payroll system administrators. It is compatible with all payroll systems, extracts employee information from the payroll system, calculates taxes deducted and payments made to SARS and concludes the reconciliation process. The employer can save the reconciliation results on disk and submit it manually to SARS or electronically via [sarseFiling](#) before or on 29 August 2008
- The software is also available for Windows and Mac download from the SARS eFiling website (www.sarsefiling.co.za).
- The software programme is complemented by a free training video where well-known television educator William Smith provides a step-by-step guide in 7 chapters on how to apply the software
- A second arrangement is being made for large employers with more than 5 000 employees
- The SARS website (www.sars.gov.za) has been updated to include a Tax Season 2008 link under which employers and individuals can find information concerning Tax Season 2008 including:
 - A schedule of free workshops for employers SARS is conducting around the country

- A list of frequently asked questions
- Respective deadline dates for submission
- All publications and guides to Tax Season 2008 including:
 - A Step-by-Step Guide to the New PAYE Reconciliation Process
 - Tax Season 2008: A Comprehensive Guide
 - A Quick Guide to Tax Season 2008 in four languages
 - All guides are available in printed form at any SARS branch office
- The SARS national call centre – 0860 12 12 18 – is available for any enquiries from employers and individuals

The payroll information from employers to SARS will allow SARS to issue the majority of taxpayers with a pre-populated return that already contains the income they have earned. Employers who do not comply by 29 August 2008 will face strong penalties

2008 Tax Season for Individuals: Important dates and procedures—

- The filing period for returns opens on 1 September 2008
- Individuals must REQUEST a return from SARS and can do so from 1 September 2008
- The deadline for the manual submission of returns is 21 November 2008
- The deadline for electronic submission of returns is 23 January 2009
- Certain individuals with income below R120 000 per year; who have a single employer and source of income; and who meet certain criteria WILL NOT have to complete and submit a tax return to SARS
- Their details and income stream will be automatically captured by the new process

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